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INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE PRIORITY
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RUEHAK/AMEMBASSY ANKARA PRIORITY 3734
RUEHBJ/AMEMBASSY BEIJING PRIORITY 1552
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RUEHKO/AMEMBASSY TOKYO PRIORITY 1419
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RHEBAAA/DEPT OF ENERGY WASHDC PRIORITY

C O N F I D E N T I A L ASHGABAT 000572

SIPDIS

STATE FOR SCA/CEN, EEB
PLEASE PASS TO USTDA DAN STEIN
ENERGY FOR EKIMOFF/THOMPSON
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E.O. 12958: DECL: 05/05/2018

TAGS: [ECON](#) [EPET](#) [PREL](#) [TX](#)

SUBJECT: TURKMENISTAN: CADDO EXPLORATION LOOKS TO LONG TERM

Classified By: Charge d'Affaires Sylvia R. Curran for reasons 1.4(B) and (D).

1. (C) Houston-based Caddo Exploration is looking at becoming involved in Turkmenistan's hydrocarbon production, according to the company's president, Neel Duncan. Although Caddo is "willing to drill almost anywhere" in the short-term, the company really wants to become involved in on-shore production, if/when Turkmenistan's leadership is ready to reverse its ban on foreign activity work on-shore. Duncan expressed a willingness to produce oil for Russia, China or any other country. For now, Caddo is "helping out" with a drilling project south of Balkanabat in an effort to build goodwill.

2. (U) Caddo, established in 2007, states that its primary objective is to acquire oil and gas licenses with minimal or no proven reserves and then to explore and develop the fields. Both the CEO, Christopher Saye, and Duncan have extensive experience in the CIS -- Saye worked with Arthur Andersen's oil and gas division prior to moving to Russia, while Duncan previously worked for TNK before it merged with BP.

3. (C) COMMENT: The field of companies positioning themselves to work on-shore has continued to increase since Chevron submitted a serious bid on March 11. ExxonMobil is now moving forward with a serious push for a contract, TNK-BP has told us it wants to work onshore, and Shell is widely rumored to be working on a proposal as well. Caddo is clearly holding back in hopes that either the government will drag its feet long enough that the major oil companies will lose interest. In either case, however, we are hearing western companies say with increasing certainty that, despite Deputy Premier Tagiyev's assertions that Turkmenistan can deliver the production increases that it needs to fund the president's increasingly expensive development programs on its own, Turkmenistan needs help, and it is just a matter of time before that recognition reaches the presidential level.
END COMMENT.

